

Message Text

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C O N F I D E N T I A L MILAN 2070

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SUBJECT: VIEWS OF CORRIERE EDITOR OTTONE

1. CONGEN MET WITH OTTONE SEPTEMBER 22 TO DISCUSS THE POST-HOLIDAY POLITICAL SITUATION. HIS OBSERVATIONS FOLLOW.

2. IN OTTONE'S VIEW, THE PRESENT GOVERNMENT HAS A GOOD CHANCE TO LAST THE BETTER PART OF A YEAR. THAT WILL DEPEND IN LARGE MEASURE UPON WHETHER THE GOVERNMENT IS PREPARED TO DO SOMETHING TO HOLD DOWN INCREASES IN WAGES AND TO MAKE SOME PROGRESS IN INCREASING PROFITS AND THEREFORE INVESTMENT. IF THAT SHOULD BE THE CASE, IT WILL HAVE NO DIFFICULTY IN REMAINING ON ITS FEET FOR SOME TIME TO COME. ON THE OTHER HAND, IF THE GOVERNMENT FAILS TO DO ANYTHING TO DEAL WITH THIS BASIC RELATIONSHIP BETWEEN COSTS AND PROFITS, IT WILL PROBABLY HAVE THE SAME FATE AS PREVIOUS GOVERNMENT AND SHORTLY BE FACED WITH A CRISIS.

3. WERE THE CHRISTIAN DEMOCRATS TO LOSE COMMUNIST SUPPORT, THEY WOULD THEN BE FACED WITH SEVERAL ALTERNATIVES. FIRST, THERE WOULD BE THE POSSIBILITY OF FORMING A MAJORITY WITH THE SOCIALIST. HE THOUGHT THAT THIS WAS A POSSIBILITY IN TIME BUT IT WAS TOO SOON TO JUDGE WHAT THE ODDS MIGHT BE.

4. SECOND WOULD BE TO GO TO NEW ELECTIONS. BUT THE CHRISTIAN DEMOCRATS
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CERTAINLY HAD NO INTEREST IN DOING THAT. NEW ELECTIONS UNDER

SUCH CIRCUMSTANCES WOULD PROBABLY MEAN A FURTHER INCREASE IN THE OF OF THE COMMUNISTS WITHOUT A PROPORTIONAL INCREASE IN THE FOLLOWING OF THE CHRISTIAN DEMOCRATS. THEREFORE, HE REASONED THAT THE CHRISTIAN DEMOCRATS WOULD NOT WISH TO FALL INTO THAT TRAP.

OF COURSE, THE COMMUNISTS WOULD DO ALL IN THEIR POWER TO MAKE THIS IMPOSSIBLE. ON THE OTHER HAND, THERE WASN'T ALL THAT MUCH THEY COULD DO IF THE CHRISTIAN DEMOCRATS AND THE SOCIALISTS CAME TO TERMS, THE COMMUNISTS HAD LITTLE RECOURSE IF THEY WERE GOING TO CONTINUE THEIR POSTURE OF A REASONABLE AND MODERATE PARTY.

5. FINALLY, THE CHRISTIAN DEMOCRATS MIGHT BRING THE COMMUNISTS INTO A GOVERNMENT. HE DID NOT THINK THAT WAS TOTALLY TO BE EXCLUDED. AFTER ALL, BEFORE THE JUNE 1976 ELECTIONS, ONE OF THE ARGUMENTS AGAINST THE INCLUSION OF THE COMMUNISTS HAD BEEN THAT THAT WAS AN OPTION THAT COULD ALWAYS BE EXERCISED IN THE EVENT THAT THE ELECTION MADE AOTHER COMBINATION OF GOVERNMENT IMPOSSIBLE. MOREOVER, THE NEXT ELECTION NEED NOT BE HELD UNTIL 1981. THIS WOULD MEAN THAT THE CHRISTIAN DEMOCRATS WOULD HAVE ALMOST SEVEN YEARS DURING WHICH TO DIGEST SUCH A STEP AND TO REPAIR THEIR POLITICAL FENCES. OTTONE DID NOT THINK THE CHRISTIAN DEMOCRATIC PARTY WOULD NECESSARILY BE SPLIT BY SUCH A MANUEVER. IT DEPENDED IN LARGE PART UPON HOW IT HAPPENED. BUT IF IT WERE PRESENTED AS AN ALTERNATIVE TO ELECTIONS AT A MOMENT WHEN OTHER OPTIONS HAD ALL FAILED AND WHEN THE FINANCIAL SITUATION OF THE COUNTRY WAS SERIOUSLY UNRAVELLING DURING A PERIOD OF ECONOMIC CRISIS, POSSIBLY DURING THE WINTER, IT MIGHT BE A LOT EASIER FOR THE CHRISTIAN DEMOCRATS TO SWALLOW WITHOUT THEIR SPLITTING.

6. THE SOCIALISTS WERE STILL SOMEWHAT OF AN ENIGMA. CRAXI DESCRIBED HIMSELF NOT AS AN ANTI-COMMUNIST BUT AS A NON-COMMUNIST. AND HE WANTED VERY MUCH TO STRENGTHEN THE TIES BETWEEN THE ITALIAN SOCIALIST PARTY AND THE SOCIAL DEMOCRATIC PARTIES OF NORTHERN EUROPE. THAT WAS A SWING AWAY FROM THE PRIMARILY LATIN ORIENTATION THAT DE MARTINO HAD GIVEN THE PARTY IN THE PAST. CRAXI WAS BACKED IN ALL OF THIS, OF COURSE, BY MANCINI WHOM OTTONE DESCRIBED AS THE REAL POWER BEHIND THE MANUEVER THAT BROUGHT HIM TO OFFICE. NOW CRAXI HAD GONE TO GERMANY TO SEE THE SPD TO TRY TO INDUCE THE GERMAN SOCIAL DEMOCRATS TO TAKE MORE INTEREST IN THEIR ITALIAN COUNTERPARTS AND

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LESS IN THE ITALIAN COMMUNIST PARTY. HE REMARKED THAT THE SPD HAD ALWAYS BEEN SOMEWHAT MORE ATTRACTED TO THE COMMUNISTS THAN TO THE SOCIALISTS.

7. OTTONE INTERPRETED THE BERLINGUER SPEECH IN NAPLES LAST WEEK AS A SIGN THAT THERE WAS GRUMBLING WITHIN THE PCI. THERE WAS NO DOUBT IN HIS MIND THAT BERLINGUER CONTINUED TO OCCUPY A VERY STRONG POSITION IN THE PARTY. BUT IT WAS ALSO PRETTY CLEAR THAT

THERE WERE THOSE WHO WERE QUESTIONING THE WISDOM OF THE PARTY'S POSITION IN VIEW OF THE ACCOMPLISHMENTS OF THE ANDREOTTI GOVERNMENT SO FAR. THE CRITICS WERE SAYING THAT NOTHING WAS BEING DONE AND THAT THE LEADERSHIP HAD BEEN TOO READY TO GIVE AWAY THE GAME. THERE WERE LOCAL-LEVEL TRADE UNIONISTS, FOR EXAMPLE, WHO WERE ANGERED AT THE NATIONAL HEADQUARTERS BECAUSE OF A SOFT LINE THAT WAS BEING TAKEN IN TRADE UNION MATTERS WITHOUT GETTING ANYTHING IN RETURN.

8. OTTONE THOUGHT THERE WAS SOME DANGER THAT THE CHRISTIAN DEMOCRATS AND THE COMMUNISTS WOULD SILENTLY SLIDE INTO A KIND OF DEFACTO COMPROMESSO STORICO. HE THOUGHT THAT WAS A BAD THING AND WAS VERY MUCH AGAINST IT. IT WAS BAD FOR DEMOCRATIC INSTITUTIONS BECAUSE IT FAILED TO PRESENT THE PUBLIC AND THE PARLIAMENT WITH A CLEAR-CUT OPTION AND AN OPPORTUNITY FOR DECISION. BUT HE ASSUMED THAT AS THE ANDREOTTI GOVERNMENT WORE ON, MORE AND MORE ISSUES WOULD HAVE TO BE SETTLED BEHIND THE SCENES WITH THE COMMUNISTS IN ORDER TO ASSURE ITS SURVIVAL. HE POINTED TO THE RECENT MINISTERIAL ECONOMIC DECISIONS AS AN EXAMPLE. IT HAD BEEN AGREED WITHIN THE GOVERNMENT THAT THE TAX ON GASOLINE SHOULD BE FURTHER INCREASED. THIS WAS ONE PART OF A PACKAGE OF ECONOMIC MEASURES TO INCREASE TAX TAKE. BUT, BEFORE THE GOVERNMENT ANNOUNCED ITS PROGRAM, THE COMMUNISTS MADE KNOWN THEIR OBJECTION TO ANY GENERALIZED INCREASE IN GASOLINE PRICES BECAUSE THAT WOULD HURT THE LOWER INCOME GROUPS WHILE IT WAS THE UPPER INCOME GROUPS THAT SHOULD PAY. HOWEVER, THE GOVERNMENT WAS UNABLE TO DREAM UP A SCHEME THAT WOULD SATISFY THE COMMUNISTS REQUIREMENT. AS A RESULT, THE ECONOMIC PACKAGE EXCLUDED ANY ACTION ON THE GASOLINE TAX AND THE GOVERNMENT SIMPLY REFERRED THE WHOLE QUESTION TO PARLIAMENT FOR DEBATE IN THE LIGHT OF WHICH IT WOULD EVENTUALLY MAKE A DECISION. NOW, ACCORDING TO OTTONE, THIS IS THE KIND OF NON-DECISION THAT CHARACTERIZES THE CHRISTIAN DEMOCRATIC GOVERNMENT. IT WOULD ONLY BE AS A RESULT OF
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SOME BEHIND-THE-SCENES NEGOTIATION WITH THE COMMUNISTS THE THOUGHT PROBLEMS LIKE THIS COULD BE SOLVED. BUT THERE WAS A LIMIT TO HOW FAR BEHIND-THE-SCENES NEGOTIATIONS COULD GO WITHOUT HAVING BROUGHT ABOUT THAT DEFACTO HISTORICAL COMPROMISE THAT HE OPPOSED. FINA

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